

CORPORATE GIVING BY THE FTSE 100

August 2014



Foreword

CAF believes that philanthropy is a powerful tool for driving sustainability. Philanthropy enables businesses to open a meaningful dialogue about their social values and aims with a breadth of stakeholders - employees, customers, investors and wider society – in order to achieve positive change.

However, the interconnectivity between philanthropy and sustainability is too often not realised, with a company's ideals frequently centred on its sustainability, and charitable giving merely an afterthought. As a result, businesses are a largely untapped force for tackling fundamental, global issues through meaningful philanthropy.

Businesses increasingly have a wider influence and reach than many government and public bodies, and those that do embrace philanthropy fully are quickly becoming best practice role models within their own sectors and beyond. This carries both a weight of responsibility as well as enormous opportunity; a position that is being embraced by too few.

Philanthropy is about identifying the causes of social problems and providing tools to fix them. Good philanthropy takes many forms, from ad-hoc monetary and time donations, to more pioneering and strategic social investments. But whatever the form, the key is for businesses to embrace social purpose from the board level down and make it core to how they operate. When corporate giving is used effectively, it has the power not only to deliver transformational and sustained change, but also to influence society's behaviour significantly.¹

Our research aims to create an evidence-based debate, to ensure that philanthropy becomes an ever increasing part of our social consciousness and dialogue. This report summarises the current state of corporate philanthropy, assessing what the largest UK businesses are actually doing in contrast to the public's perception. The results highlight a gap between the two and calls for businesses to adopt a greater sense of social purpose, an increased emphasis on impact measurement, and more consistency and transparency in the reporting of all charitable activity.

For public perceptions to change, consistent evidence of positive social impact needs to be published in a manner that is both engaging and accessible. With demonstrable links between corporate philanthropy and consumer behaviour² there is already motivation for this to happen. The key to making this shift lies in businesses recognising the importance of philanthropy in developing a sustainability approach that prioritises the public, and makes them central stakeholders to how they do business. Ultimately, businesses have the power to unleash philanthropy to deliver change on a global scale.

David Stead
Director of Philanthropy
Charities Aid Foundation

¹ CAF (2013) 'Unlocking the Power of Creative Capitalism Through Social Investment' Available: <https://www.cafonline.org/pdf/Unlocking%20the%20power%20of%20creative%20capitalism.pdf>

² Edelman (2014) 'Edelman Trust Barometer' Available: <http://www.edelman.com/insights/intellectual-property/2014-edelman-trust-barometer/>

About this report

This report aims to establish the state of corporate giving amongst some of the UK's biggest companies, both in terms of the public's perceptions of their corporate giving and wider corporate responsibility activities, and the reality of what they themselves report.

What is corporate giving?

Corporate giving describes the donations made by companies to charitable causes. In this report, corporate giving has been defined as the total contribution by a company as calculated by the LBG model – one of the most commonly used methods by corporations.³ This model includes cash and in-kind donations in addition to the monetary value of work hours given through employee volunteering schemes and any management costs incurred in implementing community investment initiatives. The donation figure produced in accordance with the LBG model has been used where supplied,⁴ otherwise the total 'charitable donations' figure has been used directly as reported within an organisation's annual or corporate responsibility reports. For the majority of companies, this donation figure is not supplied with any further information.

Throughout this report, the terms 'corporate giving', 'corporate donations' and 'community investment' are used interchangeably.

About the data

Public Perceptions of Corporate Giving Survey (2014) was conducted by the third party research agency ComRes on behalf of the Charities Aid Foundation. ComRes interviewed 2,066 GB adults online between 26th and 27th March 2014. Data were weighted to be representative of all GB adults aged 18+.

CAF Corporate Market Study (2012) obtained the views of private corporations with an annual global turnover of at least £1 million by conducting 502 telephone interviews with those who were "solely or jointly responsible for their organisation's corporate responsibility". Corporate Responsibility was defined as "any type of corporate giving; community investment; charitable donations; employee giving; a charity partnership; volunteering and fundraising".

FTSE 100 analysis is based on figures reported by the FTSE 100 companies in their Annual Reports or Corporate Responsibility reports from 2007 to 2012. Throughout the report, the year refers to the accounting year ending, i.e. 2012 refers to the accounting year 2011/12. Both UK and overseas donations have been included.

Reporting practices have changed for many companies over the six-year period, so it is possible that some changes in donations could be attributed to a change in reporting. In addition, the vast majority of companies do not specify how they have calculated the value of their donation, what is included in the figure they report, and how they spent the money, making it difficult to get a truly comprehensive picture of corporate giving.

The list of FTSE 100 companies consists of those who were constituents of the FTSE 100 on 9th December 2013. For the sake of continuity, the list has remained unchanged and companies listed on this date have been included regardless of when they joined the FTSE 100. Over the six year period,

³ LBG, formerly known as the London Benchmarking Group, provide a standardised method for measuring corporate community investment. Their framework is used by more than 300 companies globally to measure the contributions they make to their communities. Details of LBG model available: <http://www.lbg-online.net/about-lbg/the-lbg-model.aspx>

⁴ 36 companies in our FTSE 100 sample are members of LBG, although not all provide their LBG calculated figures within their annual/corporate responsibility reports

67 companies were constituents every year from 2007 to 2012. The remaining 33 companies joined after 2007, or were delisted and relisted during the six year period.

Cash figures appear in nominal terms, unless otherwise stated. Real-terms adjustments are in 2012 prices and are inflation adjusted according to the Consumer Price Index.

Examples of corporate community investment are used throughout and have been quoted from the FTSE 100 company stated. All quotes have been used with permission.

About Charities Aid Foundation

Charities Aid Foundation (CAF) is an international charity registered in the UK. Its mission is to motivate society to give ever more effectively and help transform lives and communities around the world. CAF advises on and distributes charitable funds around the world and has offices in nine countries: Australia, Brazil, Bulgaria, India, Russia, Singapore, South Africa, the UK and the United States of America.

CAF works with over 7,000 businesses in the UK and internationally to provide integrated solutions for their corporate responsibility and philanthropic requirements. In 2013, we worked with our clients to develop and deploy partnerships and programmes for the NGO sector that resulted in donations of £443 million. These funds are being committed to tackling key sustainable development issues and supporting social causes around the world.

Overview

The figures reported by FTSE 100 companies show that there has been an increase in corporate giving since 2007. During that time, more than twice as many companies have increased their charitable donations than decreased them,⁵ and overall donations have increased at a faster rate than pre-tax profits. A survey by CAF of large corporations showed that companies with the highest turnovers are significantly more likely than others to be engaging in corporate responsibility (CR) activities.⁶

While giving has improved in some respects, in 2012 there were still less than a quarter of FTSE 100 companies donating one percent or more of their pre-tax profits to charitable causes. It is evident that the high levels of giving are being maintained by a small number of companies, some of whom value their donations at a significantly higher rate than others (by using wholesale or retail price rather than cost price in valuing their in-kind donations). If all companies had followed the same model for reporting their charitable contributions over the six years, the figures would be significantly different.

It is clear that companies need to follow a consistent framework when reporting their charitable donations. Models have been provided by LBG and other bodies, but they have not been adopted universally and many of those who do use such models choose not to publish the specifics of their donation in their company reports. For the most part, we do not know the motivations for corporate donations (i.e. commercial initiative or community investment etc.), which causes were supported or who benefited from these contributions.

The need for such specificity is clear, however, with three-quarters (73%) of British adults agreeing that businesses should be more open and transparent about their charitable giving.⁷ The public can be sceptical of corporations' motives for engaging with corporate responsibility: 61% agree that corporate responsibility is just a PR exercise for businesses.⁸ As a result, companies need to demonstrate their engagement with the causes they support to show how they are making a difference, so that public scepticism can be defused. One way to do this is by adopting a more community focused approach, with over two-thirds (69%) agreeing that 'businesses have an obligation to support the local communities in which they operate'.⁹

Regardless of intention, the potential benefits of corporate giving for charities and communities are clear. In addition, corporate giving does provide benefits to the company itself: 87% of companies who evaluate their CR activities say it has a positive impact on their company's reputation and 64% notice it has a positive impact on customer engagement.¹⁰ Half of British adults (51%) would be more inclined to buy a product or use a service from a company that donates to charitable causes and 45% would be more inclined to work for a business if it donates to charitable causes.¹¹ This increased predilection is even more marked amongst 18-24 year olds,¹² highlighting the importance of a company's charitable activities in engaging younger consumers and potential employees.

5 65 companies increased vs. 29 companies decreased their donations in real terms over the six years

6 CAF (2012) 'Corporate Market Study'

7 CAF (2014) 'Public Perceptions of Corporate Giving'

8 *Ibid*

9 *Ibid*

10 CAF (2012) 'Corporate Market Study'

11 CAF (2014) 'Public Perceptions of Corporate Giving'

12 *Ibid*. The survey showed that 65% of 18-24 year olds would be more inclined to buy a product or service from a business that donates to charitable causes and 61% would be more inclined to work for a business if it donates to charitable causes

Indeed, companies also need to increase efforts to engage with their existing employees in this area. For each of six charitable giving schemes prompted with, a quarter to a third of private sector employees surveyed were unsure if their company offered them.¹³

Increasingly, businesses are expected to behave more ethically and have a positive social impact, building social value into the core of their business. Given their expanding reach and influence in society, companies should be encouraged to make a more meaningful and effective commitment to not only investing in charitable causes, but to assessing and reporting the impact of their charitable activity through a fair and consistent framework.

It is essential that companies do rise to this challenge. Through effectively measuring corporate giving and social responsibility, businesses can demonstrate the value they bring to communities and to society as a whole. It is hoped that such openness, particularly by the UK's leading organisations, will encourage other organisations to adopt similar charitable activities, and so continue to grow the social impact of businesses.

To achieve this, companies need to:

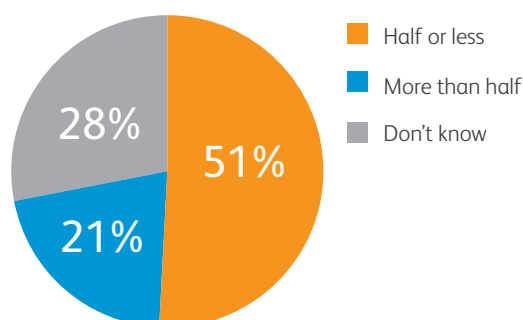
- **Integrate a clear social purpose** into the core of their business and show how their charitable activity helps to deliver sustained positive outcomes
- **Follow a consistent framework**, detailing what they have given, to whom and for what purpose
- **Measure and report impact** to demonstrate the company's engagement with, and commitment to, the cause and show the outcome of their giving
- **Increase their participation in employee giving schemes**, and those already offering them need to improve awareness among their staff

13 CAF (2014) 'Public Perceptions of Corporate Giving'

A recent study undertaken by the Charities Aid Foundation,¹⁴ highlights a clear discrepancy between the public's perceptions of corporate giving by the FTSE 100 and the reality

Only one in five (21%) British adults thinks that more than half of the UK's 100 biggest companies donate to charitable causes in a typical year, 51% thought half or less companies donated and 28% did not know.

What percentage of the UK's 100 largest companies donate to charitable causes?



Base: All GB adults (n= 2,066)

36%

The average proportion of FTSE 100 companies that the public believe donate to charitable causes in a typical year

In fact, reviewing Annual and Corporate Responsibility Reports for the FTSE 100 shows that in a typical year, at least 98 of the 100 companies reported making a charitable donation.

Misperception is also apparent at an industry sector level¹⁵

British adults believe that the UK's most charitable FTSE 100 companies in terms of donations are within the consumer services sector (51%), followed by consumer goods (33%).¹⁶ If taking the FTSE 100 company reporting at face value, then these sectors are actually mid-table in terms of giving.

Industry	% of adults ranking industry in top 3 most generous
Consumer Services	51%
Consumer Goods	33%
Financials	22%
Healthcare	21%
Technology	18%
Telecommunications	14%
Utilities	12%
Industrials	11%
Oil & Gas	10%
Basic Materials	5%

Source: CAF (2014) 'Public Perceptions of Corporate Giving'

Industry	% of revenue donated over 6 years	Total donations over 6 years
Healthcare	1.56%	£4,600m
Basic Materials	0.31%	£2,300m
Financials	0.12%	£1,900m
Telecommunications	0.12%	£440m
Consumer Services	0.07%	£830m
Consumer Goods	0.06%	£470m
Utilities	0.05%	£160m
Oil & Gas	0.03%	£940m
Technology	0.02%	£2.5m
Industrials	0.02%	£130m

Source: FTSE 100 Analysis¹⁷

Confusion is potentially fuelled by the high brand profile of these consumer facing companies and, in many cases, their very visible fundraising activities. The reality that such activities are driven largely by employee and/or customer donations, rather than money given by the company in its own right, is clearly not fully understood by the general public.

¹⁴ CAF (2014) 'Public Perceptions of Corporate Giving'

¹⁵ FTSE 100 companies have been assigned to industry groups according to the ICB classification. Available: http://www.icbenchmark.com/ICBDocs/Structure_Defs_English.pdf

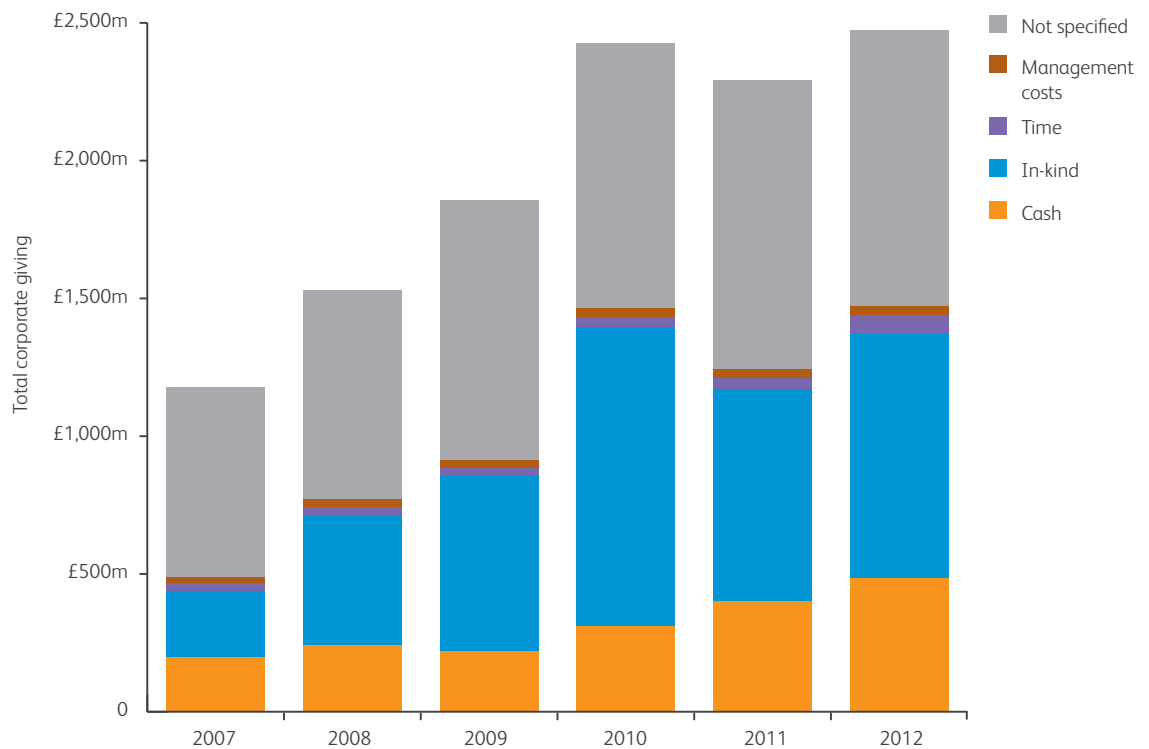
¹⁶ CAF (2014) 'Public Perceptions of Corporate Giving'

¹⁷ Three industries in our FTSE 100 sample were represented by fewer than 5 companies: Technology (2), Telecommunications (2) and Healthcare (4)

Such confusion is perhaps unsurprising when corporate giving reporting amongst the FTSE 100 is neither consistent nor comprehensive

Despite improvements since 2007, only about half of donations in a typical year are accounted for by type, with still only a minority of companies detailing their community investment spending.¹⁸

Corporate donations, by type



Base: FTSE 100 companies (n=100)

For many companies that do provide details of their giving, there are differences as to what has been included in the total figure and how the value of those donations, particularly 'in-kind', has been calculated.¹⁹

In addition, a number of companies have included donations made by employees, suppliers, or customers as part of their corporate donation. Given that this has often been reported as part of the aggregate figure, it has not always been possible to exclude this from their total corporate donation. Inconsistent reporting practices are endemic among corporations and demonstrate the need for greater transparency and commitment to corporate responsibility. Reflecting this, three-quarters of British adults (73%) agree that 'businesses should be more open and honest about their charitable giving'.²⁰

¹⁸ FTSE 100 Analysis

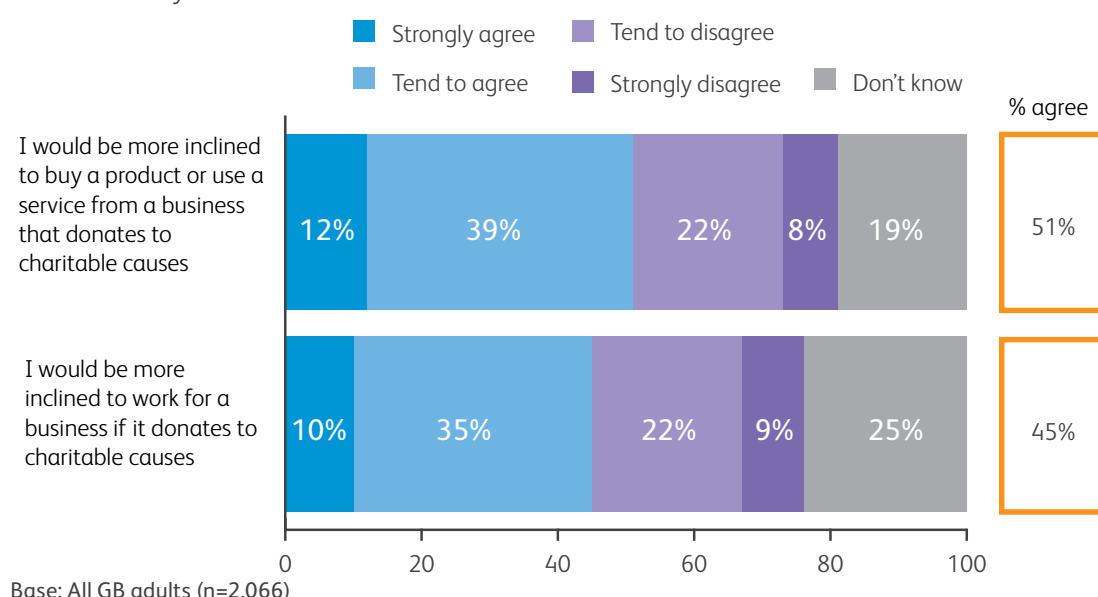
¹⁹ Different companies vary as to whether they use cost price, wholesale price or retail price to value their in-kind donations

²⁰ CAF (2014) 'Public Perceptions of Corporate Giving'

This apparent lack of understanding should be of real concern to the UK's leading businesses, particularly as knowledge of an organisation's charitable giving has the potential to impact behaviour positively

Half of British adults (51%) would be more inclined to buy a product or use a service from a business that donates to charitable causes, whilst over two-fifths (45%) would be more inclined to work for a business that donates to charitable causes.²¹

Similarly, the 2014 Edelman Trust Barometer shows that if the public 'trust' a company, they are more likely to have chosen their products and services (63%), to have recommended them to a friend or colleague (51%) and to have even paid more for their products and services (36%) in the last 12 months. Trust is driven by a raft of sixteen measures, amongst which a company having 'transparent and open business practices' is rated fourth most important by the UK public (with 56% selecting it), and 'has ethical business practices' is seventh most important (52%). Globally, the majority of respondents (84%) believe that businesses can pursue self-interest whilst still doing good work for society.²²



When compared to the overall average, the potential positive impact of charitable giving is even more marked amongst a younger audience, despite the fact that they are traditionally believed to be less engaged in giving themselves.²³ Nearly two-thirds (65%) of 18-24 year olds would be more inclined to buy a product or use a service from a business that donates to charitable causes, whilst three-fifths (61%) would be more inclined to work for a business if it donates to charitable causes.²⁴

From a company's perspective, this increased predilection amongst consumers can provide tangible benefits: 87% of companies who evaluate their corporate responsibility activities say it has a positive impact on their company's reputation and 64% notice it has a positive impact on customer engagement.²⁵

²¹ CAF (2014) 'Public Perceptions of Corporate Giving'

²² Edelman (2014) 'Edelman Trust Barometer'

²³ CAF (2012) 'Mind the Gap' research study. Available: https://www.cafonline.org/PDF/1190H_PartyConf_MindTheGap.pdf

²⁴ CAF (2014) 'Public Perceptions of Corporate Giving'

²⁵ CAF (2012) 'Corporate Market Study'

The nature of charitable giving, and wider corporate social responsibility activities, is also important for engaging individuals

The public are sceptical of companies' motives for engaging with corporate responsibility: 61% agree that corporate responsibility is just a PR exercise for businesses.²⁶ Companies need to demonstrate their engagement with the causes they support and show they are making a difference, not merely looking to enhance their public image.

It is also of interest that more than two-thirds of British adults (69%) agree that 'businesses have an obligation to support the local communities in which they operate', whilst just over two-fifths (44%) agree that 'businesses have an obligation to donate to charitable causes'.²⁷ This suggests that organisations should seek to maximise their charitable activities, identifying opportunities which also facilitate community involvement and engagement, and not just make financial donations in isolation.

In order to capitalise on the potential positive impact of their charitable giving, companies in the FTSE 100 will not only need to address the clarity of their reporting, but also consider engaging on a more 'localism' based agenda.

Supporting Local Communities

GSK is committed to helping improve health and wellbeing by supporting programmes that make a difference across communities worldwide. Since 2009, we have reinvested 20% of the profits we generate in least developed countries into community programmes that strengthen these countries' healthcare systems and improve access to healthcare. Working with three non-governmental organisations, we have so far invested a total of £15 million to train and up-skill health workers. Projects include reaching more than one million people and 31,000 expectant mothers in Nepal by training health workers and providing operational support and equipment. And in 2013, we launched a groundbreaking partnership with Save the Children to help save the lives of one million children by combining our expertise, resources and capabilities. GSK is investing at least £15 million in grants over five years and we are encouraging employees to raise £1 million a year through volunteering and fundraising.

GlaxoSmithKline 2013 Corporate Responsibility Report

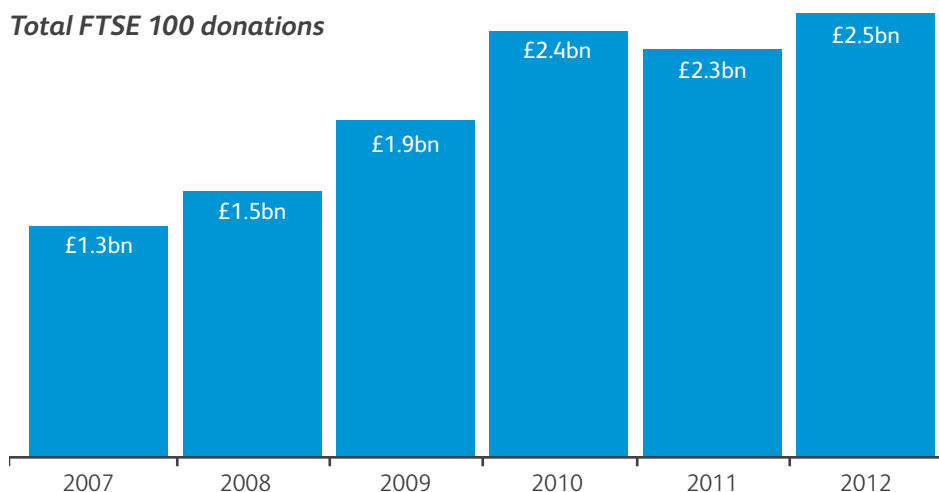
²⁶ CAF (2014) 'Public Perceptions of Corporate Giving'

²⁷ *Ibid*

Positively, the total level of charitable giving by FTSE 100 companies appears to be on the rise

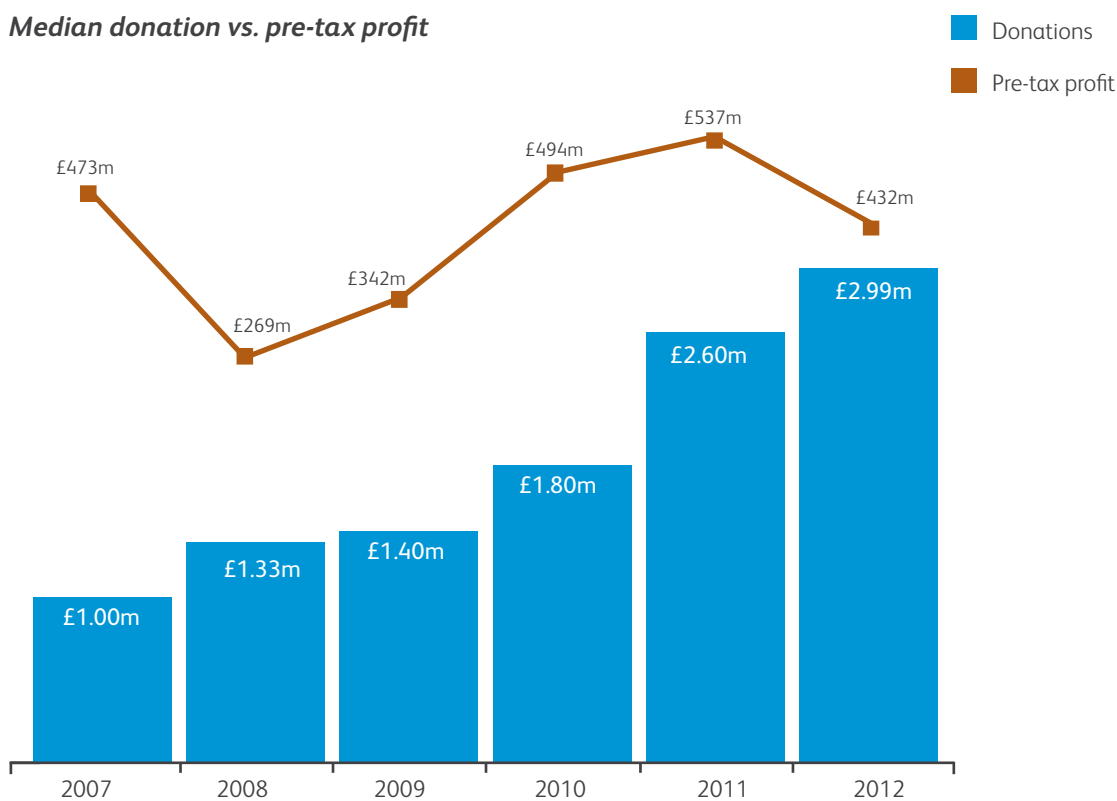
Analysis of financial accounts submitted by FTSE 100 companies,²⁸ shows that total giving amounted to £2.5bn in 2012, up by £1.2bn on the levels seen in 2007. There has been a net increase of 36 companies who donated more in 2012 than in 2007 (in real terms) and the average donation has increased at a faster rate than pre-tax profit during that time. Based on reported figures, the median donation by FTSE 100 companies has trebled from £1m in 2007 to £3m in 2012.²⁹

Total FTSE 100 donations



Base: FTSE 100 companies (n=100)

Median donation vs. pre-tax profit



Base: FTSE 100 companies (n=100)

²⁸ This section discusses the findings of our FTSE 100 analysis. Further details on the basis for the FTSE 100 reporting can be found in the 'About the data' section of this report

²⁹ When adjusted for inflation, there has still been a year on year increase in donations (apart from 2011) and total giving is up by £1bn on the levels seen in 2007. The median donation increased from £1.1m to £3.0m in real-terms between 2007 and 2012

Charity Partnerships

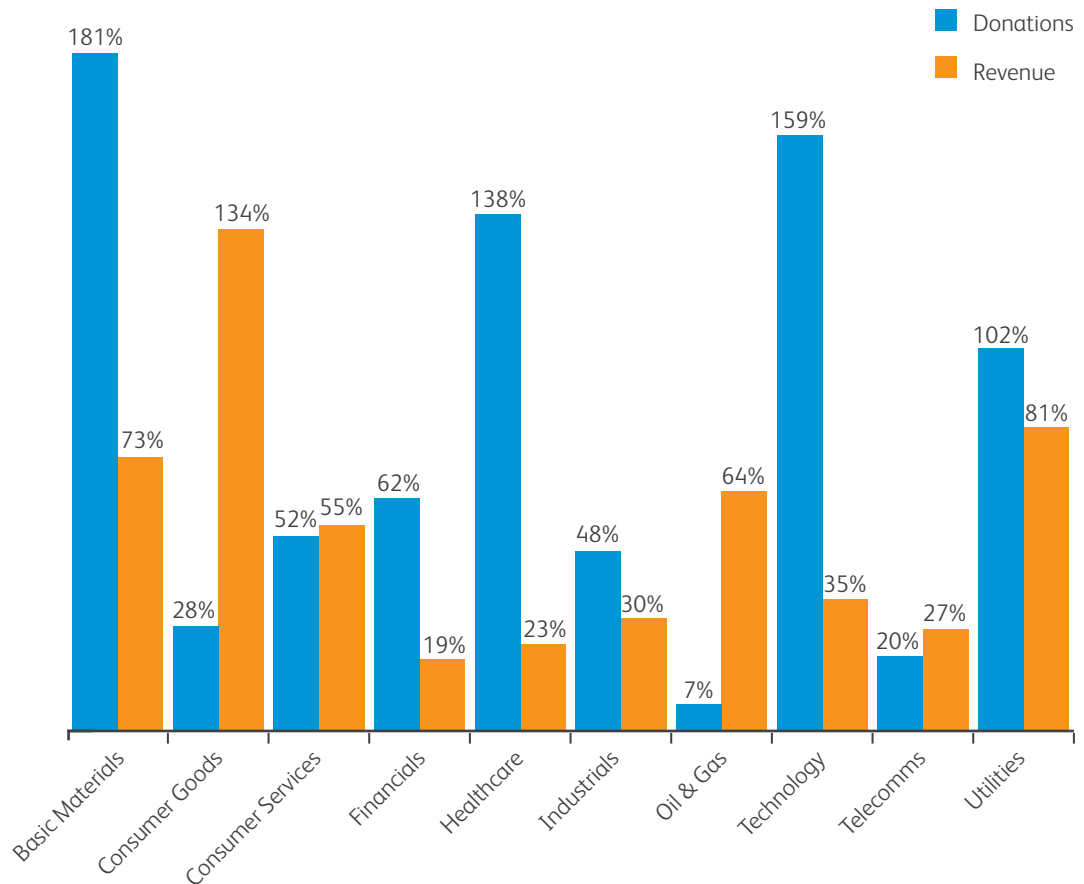
In 2006, HSBC established Future First, our flagship global education programme, which aims to tackle child poverty through education projects. SOS Children is a key partner, alongside other not-for-profit organisations. HSBC has so far donated US\$34.3 million through Future First, helping nearly 862,000 children in 60 countries.

The partnership continues to flourish. HSBC employees are using their professional skills and knowledge to work with their SOS Children counterparts. For example, HSBC employees in London have worked on a project to help identify and target future funding streams for SOS Children. In 2013, we introduced an opportunity to sponsor a child through SOS Children as one of the optional benefits for UK employees. SOS Children has also been selected as the charity to benefit from the 2014 Triathlon, a staff event in the UK.

HSBC, 2014

All industries have increased their charitable giving levels since 2007, and for six of the ten industries, charitable giving has increased at a faster rate than revenue

Increase in donations vs. increase in revenue, 2007-2012



Base: FTSE 100 companies (n=100)³⁰

Despite this, less than a quarter of companies donate 1% or more of their pre-tax profits to charitable causes

The median proportion of pre-tax profits being donated to charitable causes by FTSE 100 companies was 0.7% in 2012, which is the highest level over the six years tracked. However, in a typical year only 22 companies met the previously proposed minimum of 1% or more of their pre-tax profits being allocated to corporate giving.³¹ 54 companies donated less than half a percent of their pre-tax profits to good causes in a given year, with 20 companies donating less than a tenth of a percent.³²

³⁰ Three industries in our FTSE 100 sample were represented by fewer than 5 companies: Technology (2), Telecommunications (2) and Healthcare (4)

³¹ Until 2007, Business in the Community used the Percent Standard to measure a company's community investment. More information available: [http://www.bitc.org.uk/services/awards-recognition/communitymark/faqs#Percent standard](http://www.bitc.org.uk/services/awards-recognition/communitymark/faqs#Percent%20standard)

³² Companies have been excluded from this calculation for any year(s) when they reported a pre-tax loss

Corporate charitable giving levels are fuelled by a small number of organisations

The ten biggest donors have accounted for c.69%-75% of all donations made by the FTSE 100 over the last six years, with donations by pharmaceutical companies dominating the picture, driven largely by 'in-kind' donations.³³ As the chart below shows, a small minority of companies account for the majority of the giving, as also tends to be the case with individual giving.³⁴

Distribution of giving



Base: FTSE 100 companies (n=100)

Although the largest donors in absolute terms do not necessarily donate the most proportionally

Across the entire six years tracked, only 5 of the top 10 donors in absolute terms are also in the top 10 for the percentage of revenues donated. And of the ten companies with the highest aggregate revenues over that time, none appear in the top ten for percentage of revenues donated.

³³ When combined, pharmaceutical companies AstraZeneca and GlaxoSmithKline have accounted for between a third (32%) and a half (47%) of all charitable contributions made by the FTSE 100 over the six period reviewed (FTSE 100 Analysis)

³⁴ CAF (2013) 'Britain's Civic Core' Available at: http://www.cafonline.org/PDF/CAF_Britains_Civic_Core_Sept13.pdf

Similarly, the industries most heavily represented in the FTSE 100 do not necessarily account for the largest proportion of giving

Companies within the consumer goods and consumer services sectors constitute a third (32%) of companies, but only 11% of total giving over the six year period, whilst healthcare and basic materials account for 15% of companies, but 59% of giving.

Industry	% of companies	% of giving
Basic Materials	11%	20%
Consumer Goods	12%	4%
Consumer Services	20%	7%
Financials	20%	16%
Healthcare	4%	39%
Industrials	18%	1%
Oil & Gas	6%	8%
Technology ³⁵	2%	0%
Telecommunications	2%	4%
Utilities	5%	1%

Source: FTSE 100 Analysis

While some industries may appear far more generous than others in terms of their charitable contributions, it is worth noting that companies operating in particular industries are obligated to make certain donations. Most mining and oil companies, for example, are contractually obliged to make contributions towards the community or government. In 2010, the UK government introduced the Warm Home Discount scheme under which utility companies are required to discount the energy bills of vulnerable customers.³⁶ While compulsory contributions should be considered separate from charitable giving, it is often unclear how much of a company's contribution is mandatory and whether they have included it as part of their total donation.

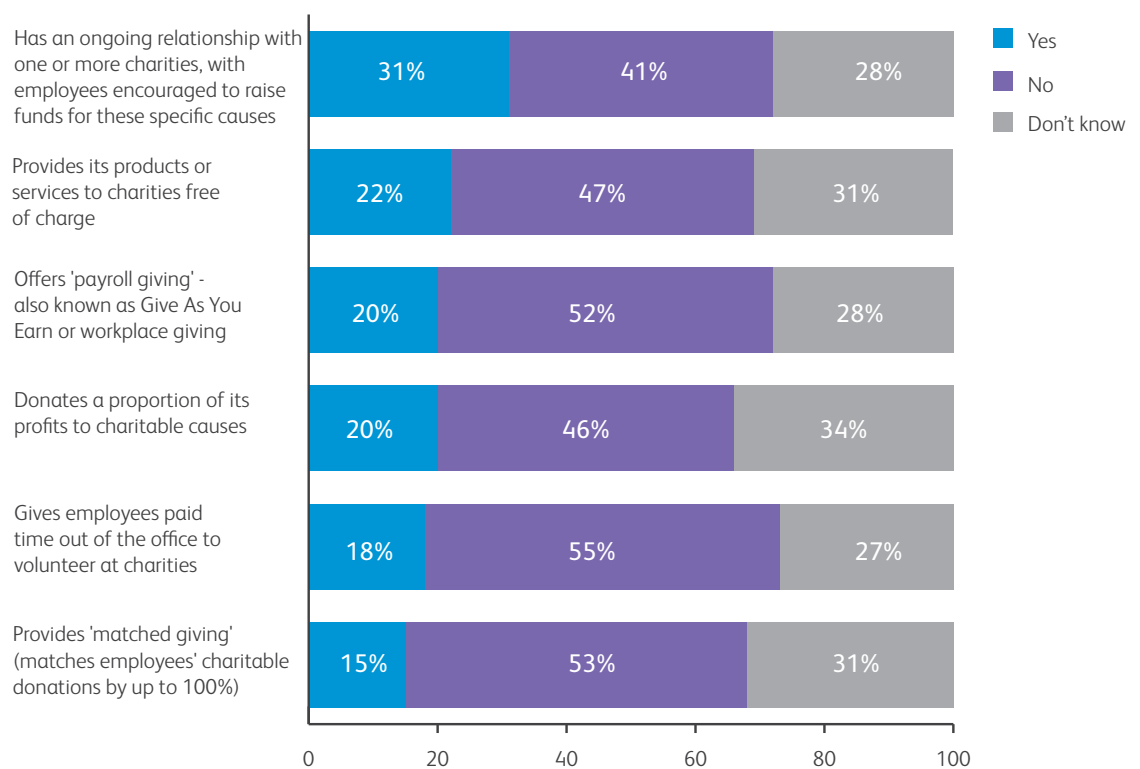
³⁵ The technology industry contributed 0.02% of total giving

³⁶ <https://www.gov.uk/government/news/warm-home-discount-to-provide-money-off-energy-bills>

Extending beyond the FTSE 100, employees in private sector organisations demonstrate a limited awareness of charitable giving schemes offered by their own employers

For each of the six charitable giving schemes prompted with, a quarter to a third of private sector employees in Great Britain are unsure as to whether their employers offer them.³⁷ Organisations therefore need to not only improve the clarity of their activities for an external audience, but to also improve their internal communications, so as to engage employees more fully in the company's philanthropic activities.

Does your employer do any of the following?



Base: All GB adults who work in the private sector (n= 803)

Less than half of private sector employees (47%) state that their employer offers at least one of the six charitable activities prompted with. A quarter (25%) report that their company does not participate in any of the six giving schemes.

37 CAF (2014) 'Public Perceptions of Corporate Giving'

An earlier study³⁸ shows that the largest corporate organisations (with an annual turnover of £1bn or more) are the most likely to be involved in multiple corporate responsibility activities (including charitable giving), to be formally managing (95% cf. 24% overall) and evaluating these activities (87% cf. 37% overall), and to see CR as an area of increasing importance (97% cf. 63% overall). While still engaged in CR activities, the very high levels of participation fall off notably in organisations with turnovers of £100 million or less, with limited staff capacity, financial restrictions, and challenges of co-ordinating across offices most commonly cited as barriers to developing CR activities.

The most common social initiative reported by private sector employees in Great Britain is charity partnerships: a third (31%) say their employer has an ongoing relationship with one or more charities,³⁹ with employees encouraged to raise funds for these specific causes. Providing paid time for employees to volunteer is among the least prevalent of all giving activities prompted, with over half (55%) stating that this is not offered by their company. Matched giving and payroll giving are also not offered by over half of the employers represented (53% and 52% respectively).

Matched Giving

In 2013, Legal & General employees donated over £650,000 through payroll giving. In addition, the company and employees donated over £1.1 million through their employee matched fundraising scheme. Legal & General believe that “companies and their employees play a key role in ensuring that the third sector remains supported in a sustainable way”.

Legal & General, 2014

38 CAF (2012) 'Corporate Market Study'

39 CAF (2014) 'Public Perceptions of Corporate Giving'

The Future of Corporate Giving

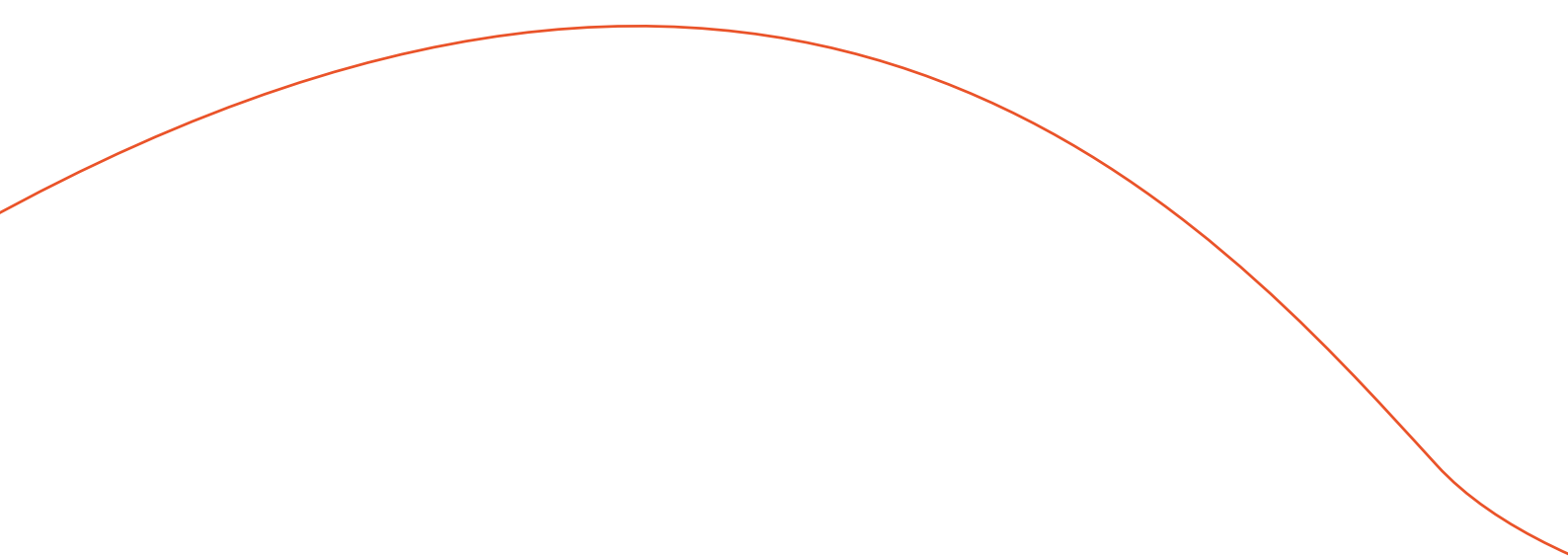
Despite the challenging economic environment, corporate philanthropy appears to be on the increase. Many of the FTSE 100 companies whose reports we reviewed are leading the way in terms of how much they give and the range of charitable activities undertaken, which raises the question: what drives this level of financial commitment during turbulent economic times? The collapse of the financial markets in 2007/8 and the ongoing instability in the global economy has certainly forced many businesses to reassess their fundamental approach to how they do business, and paved the way for them to better understand and embrace the communities in which they operate. Perhaps it is this period of self reflection and increased public outrage at the behaviour of some corporations that has driven this wholesale increase in giving.

What we do know is that philanthropy provides a platform for businesses to connect and demonstrate their commitment to their local communities. However, our survey highlights that there is a profound disconnect between public perception of corporate giving and reality. Inconsistent and selective reporting is undoubtedly fuelling misperception, and may be why the majority agree that businesses should be more open and transparent about their charitable giving. Some argue that big businesses bank their philanthropic activity to cash it in on a rainy day to offset negative publicity, rather than continually building public and employee goodwill through greater accountability, transparency and consistent reporting of their charitable activities.

So what do our findings mean for corporate philanthropy? Charitable giving is often seen as the easiest way for companies to build their reputational equity, but the public's expectation is that companies need to be doing a lot more than writing cheques. Businesses should be communicating how they are integrating a clear social purpose into the core of their business, and the role that corporate giving plays in delivering sustained positive outcomes.

Many businesses have a wider reach than any single government or public agency and are becoming embedded in every aspect of our lives and playing an increasing role in developing civil society. Business leaders need to examine the role that charitable giving plays in defining their relationships with their employees, their communities and society at large. In doing so, they will understand that philanthropy is much broader than the act of giving. It allows businesses to demonstrate their values and communicate with the public about how they operate and the choices they are making to ensure a sustainable future. More importantly, it provides the infrastructure to allow for meaningful dialogue and engagement between business, government and society that can ultimately lead to a collective response to deliver meaningful social change.

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